

**Introduced by Senator Jackson**

February 19, 2014

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An act to amend Section 345.5 of the Public Utilities Code, relating to electricity.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1078, as introduced, Jackson. Electricity: Independent System Operator.

The Public Utilities Act provides for the establishment of an Independent System Operator as a nonprofit, public benefit corporation. Existing law requires the Independent System Operator to manage the transmission grid and related energy markets in a manner that is consistent with (1) making the most efficient use of available energy resources, (2) reducing, to the extent possible, overall economic cost to the state's consumers, (3) applicable state law intended to protect the public's health and the environment, and (4) maximizing the availability of existing electric generation resources necessary to meet the needs of the state's electricity consumers.

This bill would revise the 4th requirement described above to require that in managing the transmission grid and related energy markets, the Independent System Operator do so consistent with maximizing utilization of existing electrical resources, including all cost-effective demand-side and renewable energy resources, that are connected to the distribution or transmission grid, as are necessary for reliable operation of the grid and sufficient to meet the needs of the state's electricity consumers.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 345.5 of the Public Utilities Code is amended to read:

345.5. (a) The Independent System Operator, as a nonprofit, public benefit corporation, shall conduct its operations consistent with applicable state and federal laws and consistent with the interests of the people of the state.

(b) To ensure the reliability of electric service and the health and safety of the public, the Independent System Operator shall manage the transmission grid and related energy markets in a manner that is consistent with all of the following:

(1) Making the most efficient use of available energy resources. For purposes of this section, “available energy resources” include energy, capacity, ancillary services, and demand bid into markets administered by the Independent System Operator. “Available energy resources” do not include a schedule submitted to the Independent System Operator by an electrical corporation or a local publicly owned electric utility to meet its own customer load.

(2) Reducing, to the extent possible, overall economic cost to the state’s consumers.

(3) Applicable state law intended to protect the public’s health and the environment.

~~(4) Maximizing availability of existing electric generation resources necessary to meet the needs of the state’s electricity consumers.~~

*(4) Maximizing utilization of existing electrical resources, including all cost-effective demand-side and renewable energy resources, that are connected to the distribution or transmission grid, as are necessary for reliable operation of the grid and sufficient to meet the needs of the state’s electricity consumers.*

(5) Conducting internal operations in a manner that minimizes cost impact on ratepayers to the extent practicable and consistent with the provisions of this chapter.

(6) Communicating with all balancing area authorities in California in a manner that supports electrical reliability.

(c) The Independent System Operator shall do all of the following:

(1) Consult and coordinate with appropriate state and local agencies to ensure that the Independent System Operator operates

1 in furtherance of state law regarding consumer and environmental  
2 protection.

3 (2) Ensure that the purposes and functions of the Independent  
4 System Operator are consistent with the purposes and functions  
5 of nonprofit, public benefit corporations in the state, including  
6 duties of care and conflict-of-interest standards for officers and  
7 directors of a corporation.

8 (3) Maintain open meeting standards and meeting notice  
9 requirements consistent with the general policies of the  
10 Bagley-Keene Open Meeting Act (Article 9 (commencing with  
11 Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of  
12 the Government Code) and affording the public the greatest  
13 possible access, consistent with other duties of the corporation.  
14 The Independent System Operator's Open Meeting Policy, as  
15 adopted on April 23, 1998, and in effect as of May 1, 2002, meets  
16 the requirements of this paragraph. The Independent System  
17 Operator shall maintain a policy that is no less consistent with the  
18 Bagley-Keene Open Meeting Act than its policy in effect as of  
19 May 1, 2002.

20 (4) Provide public access to corporate records consistent with  
21 the general policies of the California Public Records Act (Chapter  
22 3.5 (commencing with Section 6250) of Division 7 of Title 1 of  
23 the Government Code) and affording the public the greatest  
24 possible access, consistent with the other duties of the corporation.  
25 The Independent System Operator's Information Availability  
26 Policy, as adopted on October 22, 1998, and in effect as of May  
27 1, 2002, meets the requirements of this paragraph. The Independent  
28 System Operator shall maintain a policy that is no less consistent  
29 with the California Public Records Act than its policy in effect as  
30 of May 1, 2002.